

September 9, 2016  
Claude Simon  
71 Tonjes Road  
Callicoon, NY 12723  
claude@charleshenryproperties.com  
cell: 912 441 0062  
office: 212 683 9300

RE: Note to Financial Statement Date September 9, 2016

To Whom It May Concern:

A significant capital gain from the sale of 160 Madison Avenue in 2012 triggered a New York State audit in 2014 of the deedholder General Partner corporation of the Limited Liability Partnership which owned the subject property.

New York State had mistakenly concluded that no capital gains taxes had been paid since they searched only the corporate entity. But capital gains taxes of \$800,000 had been paid by me personally in 2012.

The audit was expanded to include me personally. New York State refused to allow much of the 2012 offsetting capital losses from the closure of my textile factory in North Carolina and Georgia. New York State also refused to allow the full basis for the capital gain from the sale of 160 Madison Avenue which was used in my 2012 calculations. Some of the cost bases extended back to 1983 up until 2008 as I bought out partners in the Limited Partnership.

A settlement was reached with New York State in June, 2016 which included an individual payment plan.

The amount currently owing New York State is \$241,471.63.

I am current on payments.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Claude Simon". The signature is cursive and fluid, with the first name "Claude" and last name "Simon" clearly distinguishable.

Claude Simon